

Exhibit 13

From: Donoghue, Brian
Sent: Thursday, March 18, 2004 1:44 PM
To: 'michelle.trimble'
Cc: Smith, Michael E; Fralin, Roy; Cutts, Jeffrey
Subject: GM stock fund dividend issue

Hi Michelle,

I hope all is well.

Here is the letter that outlines the GM stock fund dividend issue.



GM dividend.doc
(49 KB)

Please take some time to read through it and let me know your thoughts. We can set up a time to talk through the details and discuss some options.

Thanks,
Brian

Below is a synopsis of the issue as well as some alternative ways to address. In addition, we have estimated the approximate cost as well as identifying pros and cons for each approach.

Synopsis of the issue:

On March 3, 2004, Fidelity discovered that dividends received for the GM Stock Fund (the "Stock Fund") within the Delphi Personal Savings Plan (PSP) were being reinvested in the GM Stock Fund and participants were being allocated additional units in the Stock Fund. We discussed the issue with Delphi that week and made the change so that all future GM dividends will be routed to the Promark Income fund. The March dividend has been handled in this manner.

Up until on or about October 1999 the GM Stock Fund was an active option within the Delphi PSP and participants could direct contributions and exchange into the Stock Fund. GM dividends were reinvested into the stock fund. Although the date is unclear, at some point in time after October 1999, any dividend that the GM stock fund paid should not have purchased additional shares of the GM stock fund. The dividend should have been directed to the Promark Income fund.

Note, this error can be characterized as an operational failure, rather than a plan qualification issue. Under Self Correction Program (SCP) within the Employee Plans Compliance Resolution System (EPCRS), the method of addressing operational errors is to attempt to put participants in the place they would have been absent the operational error. However, the EPCRS recognizes that full correction is not always possible or desired. For example, if the costs of the analysis are excessive relative to the correction or if market conditions dictate other approaches are certainly feasible. Further, participant choice certainly is factor to consider in this instance. Some participants may actually want to retain their GM dividend units given current market conditions.

What has happened to date:

There are a total of 13,517 participants that held the Stock Fund within the Delphi PSP and received a dividend which was invested in the GM stock fund since the spin off. Today, there are approximately 8,530 participants that still have a balance in the Stock Fund. In total, 51,144 units of the GM Common Stock have been purchased that should not have been.

Fund performance:

Below is some information that outlines some indicators of performance for the two funds over the relevant period of time. The two funds are completely different types of investments as far as objectives and diversification is concerned. As it is invested primarily in GM stock, the Stock Fund sees large swings in price and performance while the income fund, which has fixed income objective, does not. Based on current market conditions, the income fund may be attractive. However, if the stock fund undergoes a great gain in the near future, it quickly becomes the more attractive of the two.

GM Stock Fund

- The average Stock Fund Net Asset Value (NAV) on the days in which a dividend posted is \$131.60
- The high was \$187.15 and the low was \$74.8
- The March 16th stock fund price is \$110.75

Promark Income Fund

- The average income fund price on the days in which a dividend posted is \$15.39
- The high was \$17.52 and the low was \$13.53
- The March 16th stock fund price is \$17.52

(Note, the Promark Income Fund does not allocate additional units when earnings are posted; rather the NAV is increased,

The rate of return for the two funds is just as varied. Given certain points in time the GM stock will and has out performed the Promark Income fund. The opposite is also true. This point can

clearly be illustrated by looking at the average annual 1 year return for the two funds. GM stock has drastically out performed the Promark Income in the 1 year category & over the 3 year period the funds are basically consistent with each other.

	Rate of Returns			
	<u>1 year average annual</u>	<u>3 year average annual</u>	<u>5 year average annual</u>	<u>10 year average annual</u>
<u>GM Stock Fund</u>	52.10%	6.03%	1.84%	5.44%
<u>Promark Income Fund</u>	5.30%	6.35%	6.28%	6.22%

Alternatives

Based on our experience with similar situations, below we have outlined a number of approaches and noted what the impact / risk is likely to be. We are by no means limited to these options. These are just the ideas we have based on past practices for similar situations.

1. No Action

Change the dividend investment, which has been done, make no adjustments to participant accounts and do not communicate to participants.

- **Potential Impact** - Risk that participants discover the error, are dissatisfied with the result and bring action against Delphi/Fidelity for adjustment based on current market conditions.

2. Communicate the issue

Same approach as above except communicate the situation to participants. Explain the issue and what will take place going forward and that no retroactive corrective action will made. The rational of this approach could be substantiated in the communication by showing that based on the average price of the Stock Fund and the average price of the Promark Income Fund, the participant is better off today with how dividends were allocated.

- **Potential Impact**- There is still the risk that participants will seek to have their accounts adjusted given current market conditions.

3. Offer an election window

Communicate the issue to participants with a balance. Indicate what happened with regard to their GM Stock Fund and what will happen going forward. Offer participants the option of what they would like to see occur with their account. If a participant would like to have their units of the GM Stock Fund that were allocated to their account for dividends liquidated and those dollars used to purchase the Income fund 'as of' they can call the 800 number and we will make the adjustment to their account. Note, the dividend units received on dividend units previously allocated in error will also be liquidated. If participants do not respond within the time frame, the matter will be closed and no adjustment will be made to participant accounts who did not call.

- **Potential Impact** – It is difficult to estimate the financial impact as it is unknown if participants will call. Depending on the fluctuation of the stock price and the number of people that respond this could be very low or it could be large as well. Administratively this could be somewhat challenging to manage depending on the size of the response. This alternative addresses the issue with "finality" and the arguably eliminates the risk of participants coming forward in the future to have their account adjusted.

4. Proactive / good faith adjustment

Calculate an interest spread based on the difference between the present cash value of the GM Stock Fund units purchased incorrectly & the units of the Promark Income fund that would have been purchased. Using the 5 year average annual Promark Income fund rate of return, calculate an amount that will be allocated to participant accounts and invested in Promark Income fund for missed earnings.

Potential Impact - Depending on the price of the stock fund and the methodology that we use (average prices vs. real time) this could range from \$40,000 to about \$145,000 spread across 8,530 participants in the fund today. This is also a very complicated solution to communicate to people. However, the benefit is that participants will be receiving an additional allocation which is a positive item to communicate.

5. Sell & Buy

This would involve selling the GM units the dividend bought and purchasing the Promark Income fund 'as of' the correct date to ensure that receive the full amount of Promark income fund units.

- **Potential Impact** - This is likely to be very unpopular among the participant base and is very difficult to cover everyone fairly. We are unable to chase participants that have traded out of the fund or cashed out of the plan. This could lead to an "unfair" correction as participants who did trade out while the stock was high arguably received an unfair advantage in gains. Essentially, we would be selling their GM units at a relatively unattractive price and buying Promark Income units. Depending on the market this could be expensive to complete. This would also be, by far, the most challenging and expensive to accomplish administratively.